

Message Text

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65

ACTION NEA-10

INFO OCT-01 IO-11 AF-06 ARA-06 EA-07 EUR-12 ISO-00 FEA-01

ERDA-05 AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00

EB-07 FPC-01 H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05

OMB-01 PM-04 USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04

TRSE-00 PA-01 PRS-01 JUSE-00 /134 W

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R 160750Z JAN 76

FM AMEMBASSY TEHRAN

TO SECSTATE WASHDC 5137

INFO AMEMBASSY ABU DHABI

AMEMBASSY ALGIERS

AMEMBASSY BAGHDAD UNN

AMEMBASSY CARACAS

AMEMBASSY DOHA

AMEMBASSY JAKARTA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LIBREVILLE

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY TRIPOLI

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EO 11652: NA

TAGS: ENRG, IR

SUB: NIOC DECIDES TO NEGOTIATE IN PRESS

REF: TEHRAN 0324 (NOTAL)

1. SUMMARY: TEHRAN ENGLISH LANGUAGE DAILIES JANUARY 15 CARRIED

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ARTICLES AND EDITORIALS ACCUSING IRANIAN OIL CONSORTIUM MEMBERS

OF "BREACH OF CONTRACT" FOR LIFTING LESS OIL IN 1975 THAN THEY HAD "COMMITTED" THEMSELVES TO TAKE IN 1974 AND FOR NOT MAKING THEIR FULL CONTRIBUTION OF 40 PERCENT OF CAPITAL REQUIRED IN THE KHUZESTAN OIL FIELDS. EDITORIALS CALLED ON GOI TO RECTIFY COMPANY ACTIONS DETRIMENTAL TO IRAN'S INTERESTS BUT HAD NO SUGGESTIONS AS TO HOW THIS SHOULD BE DONE. END SUMMARY.

2. KEYHAN INTERNATIONAL (KI), UNDER FIRST PAGE MAIN HEADLINE "OIL GIANTS BLAMED FOR EXPORTS DROP," REPORTED THAT COMPANIES HAD "AGREED TO TAKE" 4.976 MMB/D DURING 1975, BUT TOOK AN AVERAGE OF ONLY 4.236 MMB/D, REPRESENTING A SHORTFALL OF 740 MBD, OR 14.9 PERCENT. FOR THE LAST QUARTER OF 1975, KI SAID, COMPANIES WERE "COMMITTED" TO TAKE 4.866 MMB/D, BUT TOOK ONLY 3.687 MMB/D, FOR A SHORTFALL OF 1.179. (THESE FIGURES APPARENTLY REPRESENT TOTAL EXPORTS OF HEAVY CRUDE PLUS LIGHT CRUDE PLUS CRUDE EQUIVALENT OF PRODUCTS. CORRECT TERM FOR "AGREED TO TAKE" AND "COMMITTED" TO TAKE IS "NOMINATED." NOMINATING PROCEDURES ARE SET FORTH IN ARTICLE 3 OF THE PURCHASE AGREEMENT OF 1973, WHILE ADDITIONAL PROVISIONS RELATED TO NOMINATIONS IN SCHEDULE 3, PARAGRAPHS F AND H, TO THE AGREEMENT. THESE SECTIONS SUGGEST TO US THAT MEMBERS HAVE MORE THAN FULFILLED THEIR OBLIGATIONS). ARTICLE ALSO NOTED THAT NIOC HAD "EXCUSED" MEMBERS FROM CONTRIBUTING THEIR 40 PERCENT SHARE OF CAPITAL IN JULY-DECEMBER 1975 (REFTEL AND PREVIOUS REPORTING) AND THAT MEMBERS ARE ASKING TO CONTINUE TO BE EXCUSED FROM CAPITAL CONTRIBUTIONS IN 1976, BEGINNING WITH REPORTED \$30 MILLION CONTRIBUTION DUE JANUARY 15. KI ARTICLE SAYS FAILURE TO MAKE THIS CONTRIBUTION "ACCORDING TO SOME OBSERVERS WOULD CONSTITUTE A BREACH OF CONTRACT." TEHRAN JOURNAL ARTICLE SIMILAR TO FOREGOING, THOUGH LESS DETAILED. TJ ALSO ADDS ALLEGATION THAT "THE CONSORTIUM FURNISHES ITS OFFERS (TO TAKE CRUDE OIL) IN THE FORM OF A FIRM UNDERTAKING."

3. LONG KI EDITORIAL (ENTITLED "STICKING TO THE TERMS AND SPIRIT OF AN AGREEMENT") EVOKES 1973 PURCHASE AGREEMENT, RECAPITULATES THE FRONT PAGE ARTICLE, AND NOTES THAT IRAN, WHICH IS "NOT A COUNTRY WHERE OIL DELIVERIES WILL BE INTERRUPTED OR SUSPENDED," HAS UPHELD ITS PART OF AGREEMENT BY MAKING OIL AVAILABLE. IT STATES THAT IRAN'S NOVEMBER PRODUCTION WAS DOWN 16.9 PERCENT FROM NOVEMBER 1974, WHEREAS ALL-OPEC AVERAGE WAS DOWN ONLY 8.5 PERCENT LIMITED OFFICIAL USE

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AND THAT WHILE SOME COUNTRIES HAVE, LIKE IRAN, EXPERIENCED A "CONSIDERABLE DROP," OTHERS, LIKE IRAQ, ABU DHABI AND LIBYA HAVE ENJOYED A CONSIDERABLE INCREASE. EDITORIAL CONCLUDES THAT COMPANIES HAVE BEEN IN BREACH OF CONTRACT FOR ENTIRE SECOND HALF OF 1975 AND THAT THIS "VIOLATION OF THE TERMS AND SPIRIT OF THE AGREEMENT NEEDS TO BE RECTIFIED."

4. SHORTER TEHRAN JOURNAL EDITORIAL, ENTITLED "MALPRACTICES IN

IRAN WILL NOT GO UNHEEDED," ACCUSES COMPANIES OF DISHONESTY, RAKES UP ALLEGED PAST SINS OF COMPANIES IN FAILING TO CARRY OUT SECONDARY RECOVERY PROGRAMS. IT ADDS THAT GOI HAS "MAJOR DUTY AND RESPONSIBILITY TO THE PEOPLE OF IRAN" TO FERRET OUT COMANIES' WRONGDOING AND PUT A STOP TO IT. IT PROMISES THE IRANIAN PEOPLE WILL SUPPORT THE AUTHORITIES DECISIONS "LIKE A SOLID BLOCK."

5. COMMENT: WHAT THE GOI EXPECTS TO GAIN BY REVERTING TO IMMEMORIAL PRACTICE OF NEGOTIATING IN THE PRESS IS NOT CLEAR TO US. PERHAPS AN IMMEDIATE GOAL IS TO "SCARE"COMPANIES INTO AGREEING TO MAKE JANUARY CAPITAL CONTRIBUTION WHEN COMPANY CHIEF EXECUTIVES SEE SHAH ON JANUARY 18 (REFTEL. IT UNLIKELY COMPANIES WILL BE WILLING TO ACCEPT AN UNECONOMIC RELATIONSHIP.
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